

[ [HYPERLINK "http://theconstantcommoner.blogspot.com/2015/02/another-letter-to-british-columbia.html"](http://theconstantcommoner.blogspot.com/2015/02/another-letter-to-british-columbia.html) ]

## **Another Letter To The British Columbia Securities Commission Calling Out Azarga Uranium For Misstatements About The Status Of Its Proposed Uranium Mine In The Black Hills**

***This came to me this morning, relating to a video that was posted on January 22, 2015.*** [ [HYPERLINK](#)

***"https://www.youtube.com/watch?v=VxtO8FXurHw" \t "\_blank" ] the Youtube Video. I invite a response from Azarga:***

BCSC Inquiries  
British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
Vancouver, British Columbia  
V7Y 1L2

Subject: File #20150123-13143/ Azarga Uranium Corp. [ [HYPERLINK "http://azz.to/" \t "\\_blank"](http://azz.to/) ]

Dear Sir/Madam:

I would like to submit the following complaint regarding issuer Azarga Uranium Corp. ("Azarga"), ticker [ [HYPERLINK "http://azz.to/" \t "\\_blank"](http://azz.to/) ]. An Azarga official has made a misleading public statement regarding the permitting status of the proposed Dewey-Burdock uranium project located in Fall River and Custer Counties, South Dakota, USA. In addition, Azarga recently issued a news release in which an erroneous assertion is made that a new Preliminary Economic Assessment for the project has been issued.

In a video posted on [ [HYPERLINK "http://youtube.com/" \t "\\_blank"](http://youtube.com/) ] on January 22, 2015, Azarga Chairman Alex Molyneux made the following statement, referring to the Dewey-Burdock project:

"In 2014, we completed permitting for the Nuclear Regulatory Commission in the U.S." [ [HYPERLINK "https://www.youtube.com/watch?v=VxtO8FXurHw" \t "\\_blank"](https://www.youtube.com/watch?v=VxtO8FXurHw) ]

This statement is false.

The Nuclear Regulatory Commission ("NRC") staff issued Source Material License No. SUA-1600 to Powertech (USA) Inc. ("Powertech"), a wholly-owned subsidiary of Azarga, on April 8, 2014. However, Azarga has not commenced construction of the project due to the ongoing hearing process before the NRC's Atomic Safety and Licensing Board ("ASLB"), as well as the fact that multiple additional federal and state permits have not yet been obtained. The ASLB hearing process began on April 6, 2010 with the filing by the Oglala Sioux Tribe ("the Tribe") of a request for a hearing and petition to intervene in the proceeding regarding Powertech's application for a uranium recovery license for the Dewey-Burdock project. The ASLB eventually admitted seven contentions raised by the Tribe and a group of petitioners referred to as the Consolidated Intervenors.

The ASLB closed the record on the admitted contentions on December 10, 2014. Parties submitted Initial Briefs with Findings of Fact and Conclusions of Law on January 9, 2015. Post-hearing reply briefs were filed on January 29, 2015. The Tribe has requested that the ASLB remand the Final Supplementary Environmental Impact Statement ("FSEIS") back to NRC staff to conduct the necessary analyses and reviews that the Tribe asserts were not completed.

The ASLB will issue an initial decision by March 10, 2015. The ASLB will individually rule on the seven contentions, and can rule in favor of Powertech, can modify or invalidate the license, or can order the NRC staff to conduct additional analyses and revise the FSEIS and license. The ASLB's initial decision will likely be appealed to the NRC's Commission by the filing of a petition for review in accordance with U.S. 10 C.F.R. section 2.341(b)(4). Commission review can take several months, and the Commission's decision can be appealed in federal court. Given the contentious nature of this matter, it has a high probability of landing in federal court.

The fact is that although the "final" NRC license has been issued, the NRC permitting process is far from over. Any reasonable observer would conclude that a final disposition of the NRC license will not occur until sometime in 2016 at the earliest.

On January 29, 2015, Azarga issued a news release titled "Azarga Issues Upgraded Resource and Preliminary Economic Assessment for Dewey Burdock". This statement is also false. While the news release begins with several selective and favorable conclusions drawn from a PEA said to be prepared by consultant TREC, Inc., only well into the release does Azarga disclose that the PEA has not been filed on SEDAR, and that such filing will occur "within 45 days of the issuance of this news release."

Section 4.2(5)(a)(iii) of National Instrument 43-101 appears to allow an issuer to make a written disclosure of "a change in mineral resources, mineral reserves or the results of a preliminary economic assessment from the most recently filed technical report if the change constitutes a material change in relation to the issuer" up to 45 days prior to filing a technical report supporting such disclosure. However, Azarga went beyond simply disclosing the results of a PEA that would be filed later. The title of the news release contains the assertion that the company actually "issued" the PEA. But investors have no way to access and review the PEA since it has not been filed on SEDAR. As a result, investors are unable to fully understand the assumptions, and drill down into the modeling, that form the basis for the conclusions stated in the news release.

Azarga should be required to immediately disclose to investors that prior statements regarding the NRC permitting process and the new PEA are not accurate, and should be required to fully disclose the status of both. Furthermore, Azarga should be required to timely disclose when the PEA is filed on SEDAR.

Sincerely,

James B. Woodward  
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USA